



Memorandum

Date: **DEC 17 1999**

From: Regional Inspector General
for Audit Services, Region IV

Subject: Results of Review of America's Behavioral Health
Center (Provider No. 1 O-49 15) (CIN: A-04-98-0 1192)

To: Rose Crum-Johnson, Regional Administrator
Health Care Financing Administration

This final report provides you with the results of the Review of America's Behavioral Health Center's (ABHC) Partial Hospitalization Program (PHP).

EXECUTIVE SUMMARY

The objective of this review was to determine whether the partial hospitalization services claimed by ABHC between January 1, 1998 and July 31, 1998 for 30 beneficiaries were in accordance with Medicare eligibility and reimbursement requirements.

SUMMARY OF FINDING

Our review showed that:

- 26 of 30 beneficiaries did not meet the eligibility criteria for PHP services.
- 28 of 30 beneficiaries received services that were not reasonable or medically necessary for their conditions.
- ABHC was paid \$452,928 for 93 claims that did not meet the Medicare eligibility and reimbursement requirements.

In our opinion, this occurred because the provider did not ensure that the beneficiaries admitted to the facility met the Medicare eligibility criteria for PHP services, or that the services billed met the Medicare reimbursement requirements. Based on the results of our review, we recommend that the Health Care Financing Administration (HCFA) direct the Fiscal Intermediary (FI) to:

- initiate recovery action against the provider for the \$452,928 overpayment, and
- conduct additional claim reviews to identify other unallowable services.

A copy of this report, in draft, was provided to the America's Behavioral Healthcare on October 22, 1999. As of the date of this report, no response has been received.

BACKGROUND

The ABHC is a Community Mental Health Center (CMHC) that operates a PHP. Its principal place of business is in Miami, Florida. The ABHC received its Medicare certification on April 1, 1996 after submission of a self-attestation form to HCFA, indicating its compliance with applicable Medicare laws and regulations.

Mutual of Omaha conducted an in-depth audit of the Fiscal Year 1996 cost report which resulted in a significant overpayment. A suspension of payments was implemented on October 9, 1998 and will remain in effect until the overpayment is recovered.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of this review was to determine whether the partial hospitalization services claimed by ABHC between January 1, 1998 and July 31, 1998 for 30 beneficiaries were in accordance with Medicare eligibility and reimbursement requirements.

Scope and Methodology

We contacted Mutual of Omaha to request the Provider Statistical and Reimbursement Report (PS&R) for January 1, 1998 through August 31, 1998. (Services rendered between January and July were reimbursed between February and August.) The data was sorted by the Office of Inspector General auditors to reflect the total amount reimbursed to the provider for each beneficiary who attended the PHP during that time. The 30 beneficiaries who represented the highest reimbursement to the provider were selected for review.

For the 30 selected beneficiaries, ABHC billed \$837,120 in 99 claims for partial hospitalization services. It received net reimbursement of \$487,968.

Medical experts from Mutual of Omaha reviewed the medical record documentation for the 30 selected beneficiaries. The reviewers used applicable Medicare laws, regulations, and guidelines to determine whether the patients were eligible to receive partial hospitalization services, the services were reasonable and medically necessary for the patients' conditions, the services were properly documented, and the services were billed in accordance with Medicare reimbursement requirements.

The field work was conducted at the ABHC facility in Miami, Florida. The site visit began October 13, 1998 and concluded on October 23, 1998.

We did not test the provider’s internal control structure. Based on the objectives of this review, we judged that a review of internal controls was not necessary.

Our audit was performed in accordance with generally accepted government auditing standards.

CRITERIA

Title XVIII of the Social Security Act (Act) authorized the Medicare program to provide medical benefits to individuals 65 years of age and older, and certain individuals under age 65 who are disabled or suffer from chronic kidney disease.

Section 186 1 (ff)(2) of the Act generally defines PHP services as those [mental health] services that are reasonable and necessary for the diagnosis or active treatment of the individual’s condition, reasonably expected to improve or maintain the individual’s condition and functional level and to prevent relapse or hospitalization. Section 1835(a)(2)(F) of the Act requires physicians to certify that patients would otherwise require inpatient psychiatric care. Medicare regulations, 42 Code of Federal Regulations 410.110(a), require that PHP services be “prescribed by a physician and furnished under the general supervision of a physician.” The PHP services can be provided by either hospital outpatient departments or CMHCs.

A CMHC provides treatment and services to mentally ill individuals residing in the community. In 1963, the Community Mental Health Centers Act created a Federal grant program to help States in the construction of CMHCs. Section 4162 of the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) authorized Medicare coverage and payment for PHP services provided by CMHCs beginning on October 1, 199 1. Prior to that time, the Medicare program did not provide coverage for PHP services provided by CMHCs.

The OBRA 1990 defined a CMHC as an entity that provides the core services described in the Section 19 16(c)(4) of the Public Health Service Act and also meets applicable State licensing requirements. This legislation was amended in 1992, when Section 1913(c)(1) reduced the number of core services from five to four. The required services are: (1) outpatient services; (2) 24-hour emergency services; (3) day treatment or other partial hospitalization services; and (4) screening for patients being considered for admission to State mental health facilities.

A CMHC seeking to participate in the Medicare program must submit a self-attestation form to HCFA indicating its compliance with the requirements of the Act.

DETAILED RESULTS OF REVIEW

Of the 99 partial hospitalization claims submitted on behalf of 30 beneficiaries, 93 claims did not meet the Medicare eligibility and reimbursement requirements.

Specifically,

- 26 of 30 selected beneficiaries did not meet the Medicare eligibility criteria for partial hospitalization services;
- 28 of 30 selected beneficiaries received services that were not reasonable and necessary for their conditions;
- for two beneficiaries, the provider billed more services than were documented in the medical records;
- for one beneficiary, the medical record was missing required documentation.

Beneficiaries Did Not Meet PHP Criteria

Medical experts determined that 26 of 30 beneficiaries did not meet the eligibility criteria for PHP services. In order for a Medicare beneficiary to be eligible for PHP services, he or she must exhibit a severe or disabling condition related to an acute psychiatric or psychological disorder, or an exacerbation of a severe or persistent mental disorder. In addition, a beneficiary must: be able to actively participate and benefit from a coordinated program of services; have an adequate support system outside the program, have a diagnosis of mental illness; not be a danger to themselves or others; and not require 24-hour *care*. In short, *eligible beneficiaries would require inpatient psychiatric treatment in the absence of a PHP.*

Services Not Reasonable or Medically Necessary

Medical experts determined that 28 of 30 beneficiaries received services that were not reasonable or medically necessary for their conditions. The Act describes a PHP as a distinct and organized intensive ambulatory treatment program offering less than 24-hour daily care which furnishes services that are: (1) are reasonable and necessary for the diagnosis and active treatment of the individual's condition; and (2) are reasonably expected to improve or maintain the individual's condition and functional level to prevent relapse or hospitalization.

The medical review showed that several beneficiaries could have benefitted from less intensive outpatient treatment. Others were too ill to actively participate or benefit at all. In addition, the medical reviewers noted that several patients received identical services without regard for their individual diagnoses or treatment goals.

Services Billed Were Not Supported by the Documentation

Medical records for two beneficiaries did not support the services billed. The ABHC billed for more units of therapy than were documented in the medical records. Other inconsistencies were also noted. For example, the provider billed therapy on a day when the patient's record indicated that the facility was closed. On other occasions, therapy groups were billed although the progress notes indicated that the patient slept through the session.

Missing Documentation

The medical record for one beneficiary did not have an individualized treatment plan, which is specifically required by Medicare regulations.

CONCLUSION AND RECOMMENDATIONS

We believe unallowable services were claimed by ABHC because it did not ensure that the beneficiaries admitted to the facility met the Medicare eligibility criteria for PHP services or that the services billed met the Medicare reimbursement requirements. Based on the results of our review, we recommend that the HCFA direct the FI to:

- initiate recovery action against the provider for the \$452,928 overpayment; and
- conduct additional claim reviews to identify other unallowable services.

A copy of this report, in draft, was provided to the America's Behavioral Healthcare on October 22, 1999. As of the date of this report, no response has been received.

Sincerely yours,



Charles J. Curtis
Regional Inspector General
for Audit Services, Region IV